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# TRAINING IN PRIVATE INDUSTRY

*Policies, Attitudes, and Practices  
of Employers in Greater Cleveland*

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UNITED STATES DEPARTMENT OF LABOR / Manpower Administration  
MANPOWER RESEARCH MONOGRAPH NO.22



**Manpower Research  
Monograph No. 22  
1971**

# **TRAINING IN PRIVATE INDUSTRY**

## **Policies, Attitudes, and Practices of Employers in Greater Cleveland**

This monograph was prepared under a contract with the Manpower Administration, U.S. Department of Labor, under the authority of the Manpower Development and Training Act. Researchers undertaking such projects under Government sponsorship are encouraged to express their own judgment. Interpretations or viewpoints stated in this document do not necessarily represent the official position or policy of the Department of Labor.

**U.S. DEPARTMENT OF LABOR  
J.D. Hodgson, Secretary  
Manpower Administration**

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## PREFACE

This monograph is part of a series of summaries of research done under the doctoral dissertation grants program of the Manpower Administration of the U.S. Department of Labor. This is one of three grant programs established under the 1965 amendments to the Manpower Development and Training Act of 1962 to support manpower research and provide incentives for scholars in the behavioral sciences to specialize in the manpower field. These programs are administered for the Manpower Administration by the Office of Research and Development of the Office of Policy, Evaluation and Research.

The author of the dissertation that is the subject of this publication—Dr. John L. Iacobelli, who is now assistant professor of labor and industrial relations at Cleveland State University—also wrote this monograph. The full text of this and other dissertations produced under the grant program may be purchased from the National Technical Information Service, 5285 Port Royal Road, Springfield, Va. 22151.



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# INTRODUCTION

Significant gaps exist in our knowledge of both the supply and the demand sides of the manpower ledger.<sup>1</sup> Most occupational training takes place within private industry, where information about manpower planning and training is particularly fragmentary. Such information is especially needed in planning Government-supported manpower programs which will deeply involve industry yet not duplicate its training efforts. Manpower policy must, in effect, assume that there is a logical division of manpower activities between private industry and Government.

The study of private training programs on which this monograph is based was conducted during 1968, when the manpower system was confronting twin challenges—shortages of skilled workers and surpluses of poorly qualified workers. The study centered on persistent questions about federally supported manpower training programs and these two challenges. For example: According to industry, what are the proper manpower roles for private industry and for Federal, State, and local governments? In government training programs, should employers serve as an adjunct or as the central figure? What are the current policies, practices, and attitudes of employers in training regular and disadvantaged labor?<sup>2</sup> What can be done to coordinate and blend industry and Government training programs more effectively?

The research probes employers' opinions and practices with respect to procurement and training of labor,

skill shortages, manpower projections, periodic reporting of training activities, problems with disadvantaged labor, impact of Government training programs, and Federal financial incentives for training.

The study was conducted in the Greater Cleveland area, which closely resembles the national pattern in the industrial distribution of employment and parallels the socioeconomic conditions found in other urban areas, especially in the northeastern and north central regions of the United States. A sample of 131 employers was selected to give proportionate representation to the various industry and size classifications of employer establishments in Cleveland.<sup>3</sup> Interviews, using structured questionnaires, were conducted at various management levels ranging from the president of an establishment to the personnel director. Nearly all employers contacted were not only willing but glad to be interviewed about manpower training.

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<sup>3</sup>The sample was chosen randomly from lists of establishments in Cuyahoga County, stratified by industry. Government was included because it competes with private industry for many employees and is a growing sector of employment. Since there was little in the responses of the government officials who were interviewed to distinguish them from the responses of private employers, they are not treated separately in the study.

The seven strata and their percentages of total nonagricultural employment in the Cleveland Standard Metropolitan Statistical Area are: contract construction, 4.0; manufacturing, 38.4; transportation and other public utilities, 6.2; wholesale and retail trade, 20.6; finance, insurance, and real estate, 4.7; service and miscellaneous, 14.0; and government, 11.9.

Two complementary lists of establishments—one favoring smaller employers and the other restricted to larger employers—were used to select the sample for each industry stratum. To assure that the few establishments with huge employment were well represented, a separate list of the 100 largest employers (500 to 17,000 employees each) in Cleveland was used to randomly select 25 establishments on the basis of size alone.

The final sample of 131 employers was almost evenly divided among small, medium, and large firms (fewer than 50 employees, 50-249 employees, and 250 or more, respectively), in line with the national patterns. In this study, however, establishments with fewer than six employees were excluded; and the final sample of large establishments contained mostly those with more than 350 employees.

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<sup>1</sup>For most occupations, the greatest need is for local data. Progress and problems in closing the gaps are regularly reported in the *Manpower Report of the President*. See, for example, the 1967 Report, pp. 145-146, 162-163; 1968, pp. 75-76; 1969, pp. 94-96, 155-165; and 1970, pp. 61-64, 79-85.

<sup>2</sup>There is actually no sharp dichotomy between disadvantaged and regular labor. If all workers for a given job were arrayed from highly qualified to very unqualified, it would be difficult to draw the dividing line between regular and disadvantaged labor because the two shade into each other. Employers set the dividing line at their minimum requirements for entry-level jobs.



# EMPLOYER ATTITUDES ABOUT GOVERNMENT'S MANPOWER ROLE

## Overall Manpower Policy

The Cleveland study found that employers have strong opinions about the roles that should be played by Federal, State, and local government and by private industry in manpower training. They believe these roles differ for training disadvantaged labor and for training regular labor.

Because regular labor helps them earn a profit, employers were willing to pay all or most of the costs of training such workers, even though they believed that there was no demonstrable profit from training per se. Employers asserted that there should be no Government "interference"—especially from the Federal Government—with their prerogative to train the regular work force.

With respect to disadvantaged labor, however, employers held that the Federal Government had a definite role to perform. Employers preferred having broad policies set at the Federal level but administered and molded locally so that specific community needs would be met without being at cross purposes with an entire national program. They preferred to have the Federal Government become the focal point for (1) collection and dissemination of training information, (2) financial assistance, (3) overall coordination of national and local manpower training activities, and (4) setting broad training goals and priorities.

Employers specified that the Federal Government should absorb about one-half to three-quarters of the cost of training disadvantaged labor, which they were convinced was an unprofitable activity. Employers

feared the long-range consequences of hiring and training disadvantaged labor, which they saw as decreasing the pool of employees with high potential for later promotions. Employers wanted to teach almost all of the specific skills needed for employment in their enterprises and, at the same time, to instill the desired job-related attitudes in their employees.

Motivation of the disadvantaged seemed to be a major problem; employers stated that private industry would train these people if "somebody will give them the motivation to work, that is, build a fire under the disadvantaged." Employers asserted that an ideal role for government—especially in its manpower training programs—is to foster attitudes among the disadvantaged that would make them more desirable to employers. Employers themselves were reluctant to conduct remedial training, which they preferred to have done by government and the public education system.

Employers had no clear preference as to the form Federal financial assistance for training should take—whether tax rebates, direct subsidies, or wage supplements—but they overwhelmingly preferred that the assistance go to the employer or be channeled through him, rather than directly to the employee, in order to have a "responsible" party handling the funds. Employers believed that Federal financial assistance might allow some employers to break even on training disadvantaged labor, but they thought it unlikely that many employers would use the financial assistance to lower overall labor costs. In any case, few employers thought that Federal financial assistance would persuade many employers to increase their training of disadvantaged labor.



Employers stated that jobs for disadvantaged workers were disappearing faster than these people could be upgraded, and so the quickest solution to this problem was to create jobs for them. They offered few specific suggestions on job creation, mentioning only government as the employer of last resort or economic expansion. They felt strongly, however, that such jobs should be outside of *their* individual establishments.

A number of employers recounted experiences with employees who lived in the ghetto. A few stated that when carefully selected, Negroes performed as well as whites. Others expressed surprise that some Negroes with police records, whose hiring necessitated a change in company hiring standards, performed well on the job. Employers also reported some reluctance among ghetto residents to apply for jobs elsewhere. Moreover, blacks are clannish, some employers asserted, and drift toward employers who have already hired a high percentage of black employees, shunning applications at plants that have recently indicated willingness to hire blacks. The major problems employers cited concerning disadvantaged whites and blacks who are residents of ghetto areas were (1) lack of education, skills, and knowledge of where and how to look for a job; (2) a preference for welfare, a low desire for work, and an abundance of family problems; and (3) high absenteeism, high turnover, and unacceptable work attitudes.

As already indicated, few employers felt responsible for the solution of such problems. A number, however, volunteered the opinion that recent riots had awakened the community to the problems of Negroes in the ghetto area and had motivated many employers to take action. Yet many employers believed that the key to success in manpower training programs was more involvement by private industry. Some who had participated in Government training programs—and these were few—criticized the programs because many new, disadvantaged employees quit after being retrained and placed in jobs. They suggested a followup<sup>4</sup> of manpower training graduates for 12 to 18 months to see how many were brought into the ranks of the employed and how many job changes they made before finding permanent employment.

## Government Training Programs

Four out of every five of the Cleveland employers reported skill shortages,<sup>4</sup> and some had expanded or

initiated training programs to meet prolonged shortages. Even so, most employers were reluctant to train disadvantaged labor, the major untapped source of manpower. Only one in four was participating in a Government manpower training program, typically in such minimal fashion as hiring some program “graduates.”

Among the employers interviewed during this study, 25 percent recounted examples of inefficiency in federally supported manpower training programs. The major problems cited by employers concerning Government training programs were (1) funding—short-term, complicated, insufficient, and delayed; (2) staffing—poor training and lack of full-time instructors; (3) placing, following up and counseling trainees; (4) deviating from stated objectives into experimentation and research; (5) overlapping; (6) requiring too many reports by employers and manpower agencies; (7) lacking flexibility; and (8) not reaching the hard-core unemployed, especially men aged 17 to 25.

Although some large and influential employers preferred to have private industry “rescue” Government training programs, two-thirds of the employers—including nearly all participants in such programs—favored administration by a single Federal agency. The most often mentioned advantage of administration by one Federal agency was elimination of unnecessary “duplication” and “overlapping,” including programs with different objectives which work at cross purposes. An official of a large Government agency commented, “MDTA is not flexible enough; most other programs suffer the same problem. The proliferation of programs is tremendous! . . . We can do a 100 percent job on only 50 percent of our applicants.” A spokesman for a large utility expressed the prevalent sentiment when he said that having only one Federal agency “could increase the coordination of the 33 current federally funded programs in Cleveland without central coordination.” Numerous employers stated that they “need to have only one agency—like the U.S. Department of Labor—to which somebody can apply for aid and approval of programs.” They complained of being “shunted from one agency to another” when they tried to apply for or to get information about setting up manpower training programs.

Most employers, in fact, felt poorly informed about Government training programs. Few had more than a meager knowledge of either the scope or the results of Government manpower programs. A number of em-

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<sup>4</sup>In this study, the term “skill” meant any physical, mental, or technical abilities a person must have in order to fill a job vacancy.



ployers suggested that the Government should use business publications to inform the public about what is being done in the Government manpower programs. Such

publicity could eliminate much of the confusion and misinformation that currently exists, especially among employers.



# THE TRAINING SYSTEM IN OPERATION

## Employers' Manpower Policies

In the prevailing tight labor market, a major objective of the survey was to see if firms reacted to prolonged shortages of trained and qualified employees by attempting to increase their own company training programs or by trying to avoid additional training through practices aimed at recruiting experienced workers. Of the 131 employers queried, 19 did not answer or were not asked detailed questions about their training program. Only one of the other 112 admitted that his firm had no training program; all its training was done by the union in an extensive program of its own. Training programs which they financed and conducted were classified as "extensive" by 12.5 percent of the 112 respondents, learning on the job (LOJ) by 62.5 percent, and "combined" by 25 percent.<sup>5</sup>

Employers with the three different types of training programs used quite different approaches to overcome skill shortages. (See table 1.) LOJ employers most frequently stepped up recruiting efforts—through advertising, employment agencies, or "word of mouth." Increasing company training programs or activity was

the fourth most popular method (although it ranked second, behind increased advertising, if only first choice measures are considered). Working overtime was the only other measure reported by as many as 10 percent of the companies. The principal difference between the LOJ group and employers with combined training programs was that relatively more of the latter increased company training activities. Both groups reported similar increases in their use of advertising, employment agencies, and word-of-mouth for recruiting. By contrast, employers with extensive training programs concentrated much more on increased training, coupled with extensive recruiting through high schools, colleges, or private schools.

The recruiting methods used by the two other groups of employers were not popular among the employers with extensive training programs. (See fig. 1.) The latter also were somewhat more likely to use area manpower training programs than the other two groups. Thus, the recruiting activities of employers with extensive programs focused on people with limited or no work experience with their newly acquired skills, whereas employers with LOJ or combined programs were recruiting from sources that emphasized experienced and currently employed workers.

By recruiting through schools and colleges, employers with extensive programs are able to attract people with proven ability to learn who can be further developed in the company's own training program. While most employers attempt to hire people with the greatest potential for their firm, those with extensive programs are more likely to succeed for two reasons. First, they often pay the highest wages in the industry, either at entry

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<sup>5</sup> The three different types of training programs are defined as follows: (1) Extensive, for very extensive training programs having formal training programs for a very wide range of positions or for most positions in the establishment, ranging from entry level jobs up to top management; (2) combined, for programs having any formal training combined with learning on the job; (3) LOJ, for programs where learning informally on the job was the only type of training conducted.

Table 1. Ranking of methods of overcoming skill shortages, by type of employer training program

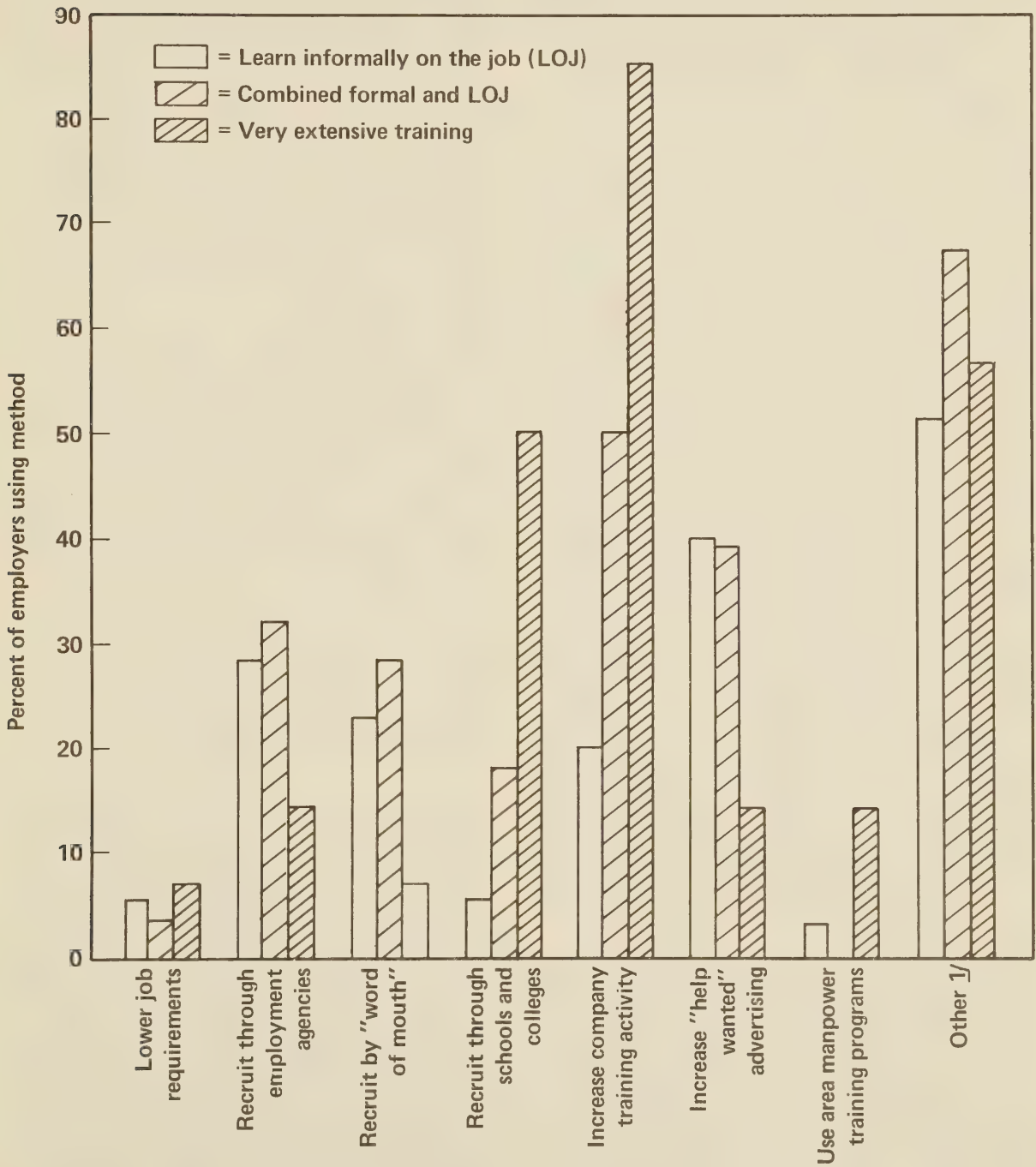
No.	Method	70 Employers with Informal LOJ Training					28 Employers with Combined Formal and LOJ Training					14 Employers with Extensive Training						
		Total number in all ranks <sup>1</sup>	Percent <sup>2</sup>			Total number in all ranks <sup>1</sup>	Percent <sup>2</sup>			Total number in all ranks <sup>1</sup>	Percent <sup>2</sup>			Total number in all ranks <sup>1</sup>	Percent <sup>2</sup>			
			In all ranks	Ranked precedence of action			In all ranks	Ranked precedence of action			In all ranks	Ranked precedence of action			In all ranks	Ranked precedence of action		
				First	Second	Third		First	Second	Third		First	Second	Third		First	Second	Third
1	Lower job requirements	4	5.7	4.3	1.4	—	1	3.6	—	—	3.6	1	7.1	—	—	7.1		
2	Actively recruit through employment agencies	20	28.6	7.1	14.3	7.1	9	32.1	10.7	7.1	14.3	2	14.3	—	14.3	—		
3	Actively recruit by "word of mouth"	16	22.9	2.9	12.9	7.1	8	28.6	7.1	7.1	14.3	1	7.1	—	7.1	—		
4	Actively recruit through high schools, colleges, or private schools	4	5.7	4.3	1.4	—	5	17.9	3.6	7.1	7.1	7	50.0	14.3	28.6	7.1		
5	Increase company training activity	14	20.0	14.3	4.3	1.4	14	50.0	28.6	10.7	10.7	12	85.7	64.3	14.3	7.1		
6	Increase "help wanted" advertising	28	40.0	27.1	5.7	7.1	11	39.3	17.9	10.7	10.7	2	14.3	—	14.3	—		
7	Use as manpower training programs	2	2.9	1.4	—	1.4	0	—	—	—	—	2	14.3	—	7.1	7.1		
8	Contact Ohio Bureau of Employment Security	4	5.7	2.9	1.4	1.4	3	10.7	—	7.1	3.6	1	7.1	—	7.1	—		
9	Work overtime	8	11.4	7.1	1.4	2.9	3	10.7	3.6	3.6	3.6	2	14.3	14.3	—	—		
10	Display sign outside for walk-ins	4	5.7	1.4	4.3	—	1	3.6	3.6	—	—	0	—	—	—	—		
11	Increase hours of supervisors without extra pay	3	4.3	2.9	1.4	—	1	3.6	3.6	—	—	0	—	—	—	—		
12	Make deliberate decrease in business	1	1.4	1.4	—	—	1	3.6	3.6	—	—	1	7.1	—	7.1	—		
13	Increase pay scale	2	2.9	2.9	—	—	2	7.1	7.1	—	—	0	—	—	—	—		
14	Use or apply for government or civil service register	1	1.4	1.4	—	—	2	7.1	3.6	3.6	—	1	7.1	7.1	—	—		
15	Pirate or recruit from other employers	2	2.9	1.4	1.4	—	1	3.6	—	—	3.6	1	7.1	—	—	7.1		
16	Support private education for employees	2	2.9	1.4	—	1.4	1	3.6	—	3.6	—	0	—	—	—	—		
17	Use own agency, State training center graduates, intra-company, or contact union	2	2.9	2.9	—	—	2	7.1	3.6	3.6	—	1	7.1	7.1	—	—		
18	Hire for short term, use "moonlighters" for part time, or subcontract work	4	5.7	2.9	1.4	1.4	0	—	—	—	—	1	7.1	—	7.1	—		
19	Hire at lower level and train, hire married women, or contact Bureau of Apprenticeship and Training	1	1.4	1.4	—	—	2	7.1	3.6	—	3.6	0	—	—	—	—		
20	Install computer or redesign jobs	2	2.9	—	2.9	—	0	—	—	—	—	0	—	—	—	—		

<sup>1</sup> Number of responses exceeds number of employers because each employer could mention and rank more than one action.

<sup>2</sup> Number of responses divided by number of employers in group, not total number of responses.



**Figure 1. Employers' approaches to overcoming skill shortages, by type of training program**



1/See table 1 for specifics.

levels or at the levels ultimately attained by graduates of their training programs. Second, they enjoy great prestige in the area because their large size and their extensive training programs give the impression that talented employees can rise as high as their talents and aspirations allow. Little is known, however, about the actual linkage between an extensive training program and a company policy of promotion from within by upgrading employees through training.<sup>6</sup>

Nevertheless, it is clear that having an extensive training program influences the employer's choice of other measures to overcome manpower shortages. All methods were classified according to whether they tended toward a policy of avoiding training, a policy of giving training, or had no strong tendency toward either (mostly neutral). Among the 70 employers with informal LOJ programs, training avoidance policies outnumbered training-giving policies by almost 4 to 1; and among the 28 employers with combined programs, the ratio was almost 2 to 1. (See table 2.) In sharp contrast, the 14 companies with extensive training programs reported a reversed ratio of 1 to 2. Hence, although all three groups of employers use some training-avoidance policies, employers with extensive training programs use them far less extensively than either of the other two groups. Instead, they place a disproportionate emphasis upon various training-giving policies. This becomes more apparent when the use of training-giving policies by the three groups of employers is compared after adjusting for different size samples. Employers with extensive programs used training-giving policies five times as much as employers with LOJ programs and almost twice as often as employers with combined programs. (See fig. 2.)

Employers with extensive training programs also considered manpower as a resource worthy of long-term specific planning which, as shown later in this study, was characterized by a focus upon individuals. Twelve of the 14 employers in this group made manpower projections for 1 to 10 years, with nine of them covering periods of 5 to 10 years. This consideration of manpower as a

resource worthy of company development—as shown by both their planning and training practices—was not evident in the policies of most other employers. They showed less concern about how individuals acquire skills and acted as though they could always recruit a sufficient supply of qualified labor instead of training workers for their company's specified job demands.

Almost all of the companies with extensive training programs were very large employers. With one exception, each had at least 1,700 employees, and several were subdivisions of nationwide corporations employing tens of thousands and encompassing some of the most successful companies in the United States. This group of 14 employers was not restricted to any one industry. Three were highly diversified establishments, one was in construction, four in manufacturing, three in transportation and public utilities, two in Government, and one in wholesale and retail trade.

The correlation between successful establishments and extensive training programs was not apparent until the research had been completed and summarized, so it is a matter of conjecture whether there is a causal relationship, and if so, whether training leads to success or vice versa. The research does show clearly, however, that training is emphasized by only a small group of large employers who operate the most prestigious, exclusive, and successful business establishments.

## Factors Influencing Training Decisions

Aside from management training programs, which tend to have some continuity, a large number of the training programs in private industry are conducted on a sporadic basis, which is best described as a turn-on and turn-off system. A medium-sized wholesale metal distributor aptly called it "decision by crisis," and singled out manpower shortages as the only factor having great influence on altering or causing training decisions in his firm, while other employers referred to manpower shortages as the "red light" which signaled them to start training. Asked to rank the factors that have the greatest influence on altering or causing training decisions in their establishments, the employers mentioned manpower shortages most often. Manpower shortages were mentioned by 44 percent of the respondents, were

<sup>6</sup>A recent job training study conducted by the Manpower Research Council among a 25-percent selection of members of the American Society for Personnel Administration (ASPA) shows that although half the companies said they currently offered retraining so employees could move to higher skill levels, fewer than 1 percent of the employees had taken courses since January 1966 to retrain them for this purpose. The 930 participating companies averaged 4,705 employees per company and had a total of 4,375,665 employees, of whom 42,529 had participated in upgrading training. This report by the Manpower Research Council is included in remarks by the Honorable William H. Ayres of Ohio, in the U.S. House of Representatives, *Congressional Record*, Sept. 12, 1967; 90th Cong., 1st Sess., pp. 25241-25244.

Table 2. Employer reliance on training-avoidance policies or training-giving policies to overcome skill shortages, by type of employer training program

Type of training program and total number of employers	Number of responses <sup>1</sup> indicating—			
	Training-avoidance policies <sup>2</sup>		Training-giving policies <sup>3</sup>	
	Actual number	Adjusted number <sup>4</sup>	Actual number	Adjusted number <sup>4</sup>
70 employers with informal LOJ training	89	89	23	23
28 employers with combined formal and LOJ training	39	97.5	22	55
14 employers with extensive training	11	55	21	105

<sup>1</sup> Number of responses exceeds number of employers, since employers could mention more than one policy.

<sup>2</sup> Policies tending mostly toward avoiding training, especially the hiring of experienced people. Includes items 2, 3, 6, 9, 10, 11, 12, 13, 14, 15, and 18 from table 1.

<sup>3</sup> Policies tending mostly toward giving additional company training, especially to new entrants into the labor force. Includes items 4, 5, 7, 16, and 19 from table 1.

<sup>4</sup> Adjusted for different size of sample in each group: The actual number of responses for the 28-employer group was multiplied by 2.5 and that for the 14-employer group by 5 in order to make the totals comparable with that for the group of 70 employers.

ranked first by 34 percent of them, and were the only factor mentioned by 20 percent. (See table 3.)

Manpower shortages were listed twice as often as company growth, the next most important factor. Sales were mentioned nearly as often as growth, but some employers explained that declining sales can be a constraint on training. For example, a large publisher commented, "We have a high break-even point, and we chop training if business decreases."

Employers implied that profits take precedence over training. Typical statements were:

"We train to survive." (A large job shop and fastener manufacturer.)

"Tool and die makers can't be spared from production in order to train new people." (A medium-sized metal fabricating and machining company.)

"There is no profit to be made in training, so we concentrate on making profit. We train as a matter of survival." (A medium-sized testing laboratory.)

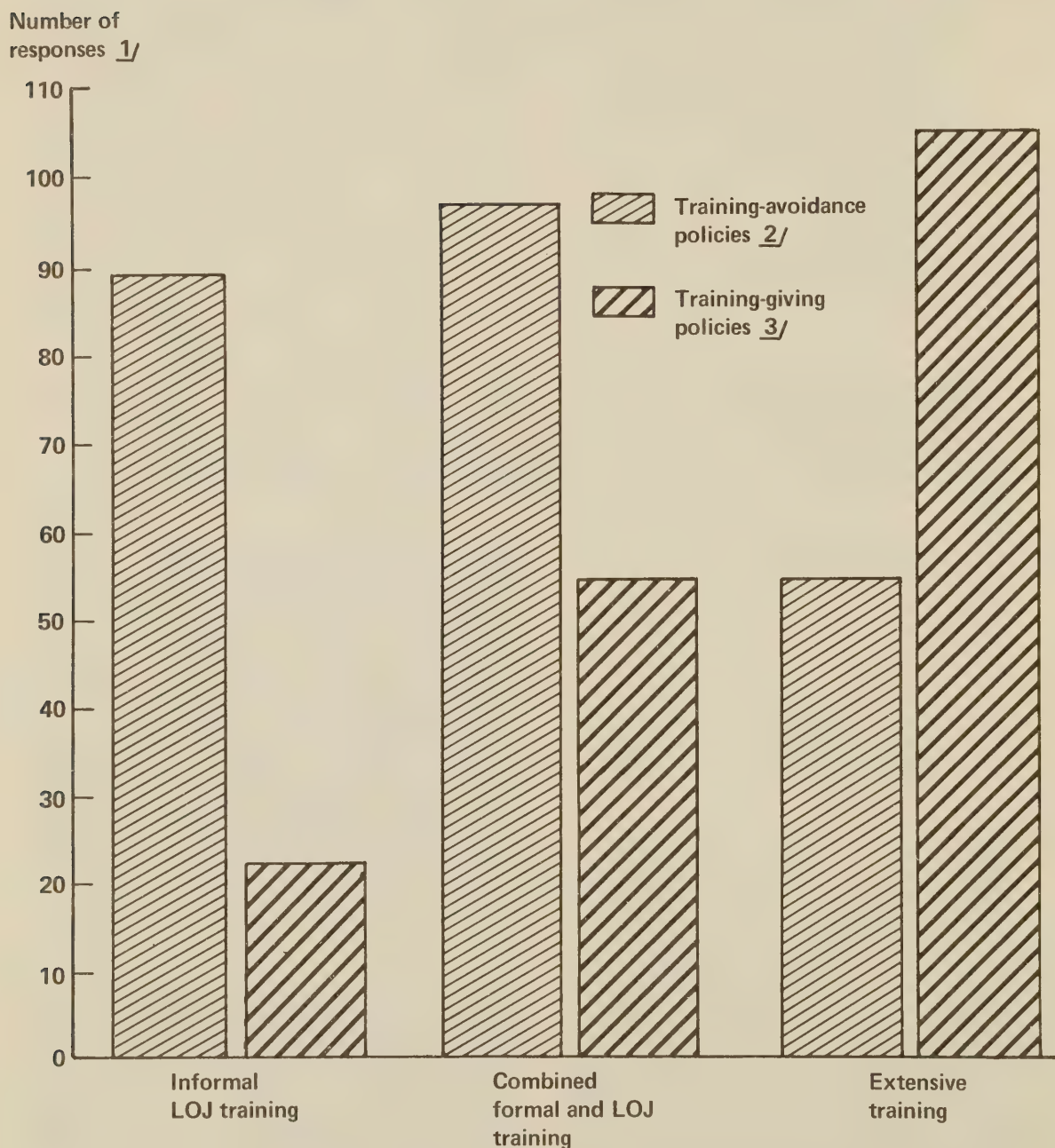
These comments suggest that training does not hold a high priority among employers and that training is done as a matter of necessity when the employer has little other choice. This conclusion is also supported by the small number of factors mentioned which suggest manpower training and planning for the future. Building a labor pool for future training and promotion is one such. Company growth could be another. But training

associated with growth may take place only after unsuccessful attempts at outside recruiting.

Most of the factors mentioned indicate that some type of a minor crisis—for example, changes in technology, products, or program—is the primary motivation for the employer to make a training decision. These factors also help explain why the employer has a turn-on and turn-off system of training. The employer turns on his training system when skill shortages grow until he has no choice but to train his own people, and the employer turns off his training system when the skill shortages ease to a tolerable level. Manpower shortages may never ease in a fast-growing company, and this company then becomes sold on the value of training. But although most employers believe that they will eventually have to do some training—and for many this is still a new activity—they hope that the problem will ease before it becomes necessary. An official of a large foundry, for example, stated that "training is sporadic, depending on the business cycle." Few employers seem to be committed to training as a matter of policy, except in the area of management development. Instead, they assign a very low priority to training except during a manpower crisis, and take a wait-and-see attitude as long as possible before activating the training system. Indeed, most employers see training as another cost factor rather than as a way of increasing profits. Some employers, usually



**Figure 2. Prevalence of training-avoidance vs. training-giving policies in employers' methods of overcoming skill shortages, by type of employer training program**



1/ Adjusted for different size of sample in each group; see footnote 4, table 2.

2/ For definition, see footnote 2, table 2.

3/ For definition, see footnote 3, table 2.



Table 3. Ranking of the factors that have the greatest influence on training decisions (based on responses by 79 employers)

Factor mentioned by employer	Total in all ranks	Distribution of factors by rank or priority of each factor			
		1st	2d	3d	4th
Manpower shortages	35	27 (16) <sup>1</sup>	8	0	0
Sales	14	9 (5)	4	1	0
Profits	6	4	1	1	0
Company growth	18	10 (4)	5	3	0
Labor turnover	9	7 (3)	2	0	0
Availability of trainees	6	3	3	0	0
New techniques or changed technology	7	4 (3)	2	1	0
New equipment	3	1	2	0	0
Skill shortages for more complicated job requirements	3	2 (2)	1	0	0
Low status of training staff	1	0	1	0	0
Change in regulations or procedures	2	1	0	0	1
New products	2	1	0	1	0
New developments or program changes	2	1	1	0	0
Change in national picture or rules of office of field service	2	2 (2)	0	0	0
Workload	1	1	0	0	0
Automatic data processing	1	0	1	0	0
Decrease in safety experience	1	0	0	0	1
Dissatisfaction of employees or reaction of public	2	1	1	0	0
Costs of training or availability of funds	2	0	2	0	0
Attitude to work and learn	1	0	1	0	0
Employee performance below what is wanted	7	5 (4)	1	1	0
Costs of output	2	0	2	0	0
Building a labor pool for future training and promotion	2	1 (1)	1	0	0

<sup>1</sup> Numbers in parentheses show how many times this was the only factor mentioned by the employer being interviewed.

growth companies with a long history of training, are convinced that training helps increase profits and gives them a competitive advantage, but these employers are in the minority.

Sixty-two percent of the employers made little or no effort to evaluate the benefits against the costs of training. Although 21 percent of the employers mea-

sured something, usually only the direct costs of training, almost all of them did no more than estimate the benefits of training because they had no way of accurately measuring them. Lacking proof that the benefits exceed the costs of training, employers say it is difficult to justify a continuous training policy to stockholders—an additional rationale for a crash policy of training related to manpower shortages.



# MANPOWER PLANNING

## Projecting Requirements

Questions about manpower planning revealed an almost equal division between employers who make serious attempts to plan and those who do not. While 34 percent of the 79 employers who responded did not plan ahead regarding manpower requirements, 51 percent planned at least 3 months ahead, and the remainder reported shorter planning periods. Only 24 percent made long-range plans for the next 4 to 10 years. (See table 4.)

Employers who did not plan ahead regarding manpower requirements typically gave such reasons as:

"We operate on a month-to-month basis." (A large filter manufacturer.)

"We make 5-year forecasts for sales, but we do not forecast for manpower; we feel that manpower will come along." (A medium-sized forging and tool manufacturer.)

Among employers who made manpower projections, about three-fourths reported either that they had no formal forecasting techniques or that they derived personnel projections from fairly crude estimates of workload. The employers with longer planning periods were more likely to consider individuals, rather than merely the total number of workers required for a specified volume of such impersonal items as sales or production. To some extent, of course, both the longer planning periods and the greater consideration of individuals are characteristic of more sophisticated manpower planning. Nevertheless, there was a striking tendency for employers to become more conscious of people and individual skills as their planning horizons expanded.

Many employers said that their techniques were inadequate for projecting manpower requirements. They

complained about having to rely upon guesses, personal evaluation, and indirect projections of general manpower needs as a by-product of inaccurate sales and production forecasts.

## Estimating the Supply of Trained Labor

Only a few companies could predict the future supply of trained labor for their company. These were all very large employers with training programs for almost all of their employees. Three-fifths of the employers desired information about the total supply of labor being trained in specific occupations in their immediate geographical area.

Three-fourths of the employers expressed a willingness to report on their own training activities to a Government agency if the data were published only in aggregate form and individual firm reports were kept strictly confidential. A little more than half of this group qualified their willingness—most often specifying that the reports be short and simple. While only 13 percent of the employers felt that obtaining periodic training reports from all employers would be impossible or impracticable, 72 percent believed that universal reporting would have some problems and only 15 percent asserted it could be done easily. (See table 5.)

Explanatory comments revealed sharp differences in the employers' interpretations of the seriousness of a given reporting problem; for example, complicated records were seen as a minor problem, a major problem, or one which would make reporting impracticable.

Table 4. Employers' techniques for projecting manpower requirements, by maximum planning period

Technique emphasized	All periods	Up to 2 weeks	1-2 months	3-6 months	1 year	2 years	4-5 years	7-10 years
Total	52	7	5	7	10	4	15	4
Technique not specified	10	3	2	2	2	0	1	0
No technique used	4	1	0	0	1	1	1	0
Past experience or volume	4	0	1	2	1	0	0	0
Sales forecasts	9	2	1	1	1	1	3	0
Anticipated production or total company workload	9	1	1	2	2	1	2	0
Broad forecasts focusing on many factors besides sales, production, or manpower	2	0	0	0	1	0	1	0
Broad manpower needs of the company from discussions to get impressions of the staff and supervisors	5	0	0	0	0	0	3	2
Manpower inventory considering people by departments, as individuals, or by their skills	9	0	0	0	2	1	4	2

Table 5. The range of optimism in employers' comments on problems in establishing an industry-wide system of regular reporting on training, by employers' opinion of the system's feasibility

Type of comment, ranked from most to least optimistic	All responding employers	Employers who said establishing reporting would be—			
		Easily done	Possible with minor problems	Possible with major problems	Not possible or practical
All responses	126	19	59	32	16
All responses with explanatory comments	97	9	45	29	14
Desirable report	2	2	0	0	0
No problem, or minor inconvenience	9	5	4	0	0
Minor problem if short, simple, nonnarrative, or infrequent <sup>1</sup>	21	2	16	3	0
Possible but time-consuming	9	0	8	1	0
Extra expense; want subsidy	7	0	3	4	0
A burden	4	0	1	3	0
Complicated accounting and reporting problems	10	0	1	4	5
Establishment too big or too small	12	0	8	4	0
Fear revealing information to competitors	4	0	0	1	3
Opposed to government intervention	6	0	2	1	3
Report of doubtful value; meet own training needs	10	0	1	6	3
Miscellaneous pessimism <sup>2</sup>	3	0	1	2	0

<sup>1</sup> Most employers in this category specified quarterly or semiannual reports.

<sup>2</sup> Includes comments to effect that industry could handle the training problem without government assistance if the draft did not take young employees into the armed services; government agencies are not equipped to handle this information; and one of the best ways to motivate employers to train is to provide Federal financial assistance, coupled with field people to check their records.



Overall, about half of the responding employers cited problems which would pose serious obstacles to obtaining accurate and complete reports. Small employers without formal training programs would tend to estimate, while large employers who fear pirating of trained employees would tend to underreport. Employers who train enough to meet most of their own needs see very

few advantages in reporting their training activities to a Government agency.

The meager training records currently being kept in private industry are a further obstacle to reporting. Nearly half of the employers in the study said they had no written training records, and only one-fourth separated training records from their personnel or payroll

Table 6. Information desired in reports on training in private industry, by employers who wanted either detailed or limited reports

Information specified	Opinion group	
	Limited reports	Detailed reports
Materials worked with or handled . . . . .	x	—
Aptitude . . . . .	x	—
Common sense of the individual . . . . .	x	—
Desires of attainment of the individual . . . . .	x	x
Age . . . . .	x	x
Length of service or experience on the job . . . . .	x	x
Sex . . . . .	x	x
Wages or salary . . . . .	x	x
Number of hours worked per week . . . . .	x	x
Levels of proficiency or grade of work being done . . . . .	x	x
Skill level, skill class, or degree of skill . . . . .	x	x
Formal education (high school, etc.) . . . . .	x	x
Industry training being received or already completed for individuals . . . . .	x	x
Number of people completely trained . . . . .	x	x
Number of people being trained, by job classification . . . . .	x	x
Geographical area where training occurs . . . . .	x	x
Industry name or SIC number . . . . .	x	x
Equipment operated only . . . . .	x	x
Equipment he can set up and operate . . . . .	x	x
Work from blueprint or sketches (kindred skills) . . . . .	x	x
Areas of responsibility to others . . . . .	x	x
Job classification (e.g., skilled, semiskilled, or unskilled) . . . . .	x	x
Job title or specific occupation . . . . .	x	x
Job description . . . . .	x	x
Current critical manpower needs or surpluses for specific jobs . . . . .	x	x
Prediction of shortages . . . . .	—	x
Job availability (even for disadvantaged labor graduated from a manpower training program) . . . . .	—	x
Whether government subsidy is received for training . . . . .	—	x
Nature of training program (length and whether formal) . . . . .	—	x
Years of apprenticeship completed (grade in the trade) . . . . .	—	x
Desire for relocation . . . . .	—	x
Person to contact for job placement . . . . .	—	x
Absenteeism or days worked . . . . .	—	x
Other experience besides current job . . . . .	—	x
Personality . . . . .	—	x
Cooperation of trainee . . . . .	—	x
Areas of interest of employee . . . . .	—	x
Promotability of employee . . . . .	—	x

x = specified by one or more employers in this group  
 — = not specified by any employer in this group

records. This latter group is the only one that could retrieve training information without great difficulty.

The amount of detail concerning their training activities which employers could readily supply or would be willing to supply fell far short of what they would want from any periodic reporting system. About 45 percent wanted detailed information and about the same proportion wanted limited information about training in industry. Both groups, however, were interested in many of the same items of information. (See table 6.) The group wanting detailed information had a longer list of items and was more concerned with characteristics and problems of individual employees. However, even items of information wanted by both groups were not desired

by all employers in either group, nor was there a consensus among employers in different industries.

Hence, it appears that a highly selective approach to reporting would be required. Only the most needed information could be collected, and it would have to be organized to distinguish between skills that can be transferred between industries (some of the professional, managerial, and administrative skills, for example) and those which are specific to a particular industry.

It is also clear that employers would have to be sold the idea of reporting their training to a Government agency if accuracy is to be assured. Employers in this study agreed that the accuracy of the reports would hinge on the employer's need or desire to receive an aggregated report of the information requested.

## CONCLUSIONS AND RECOMMENDATIONS

Perhaps the most important conclusion to be drawn from this study of private training in Cleveland is that more training, especially the teaching of specific skills, can and probably should be shifted to private industry. The study reaffirms that much of private industry is paying little attention to its future manpower needs and does not turn on its training efforts until a time of crisis, thus fueling inflationary pressures. The study reveals that industry's training plans and programs—as well as those of Government—are hampered by the lack of adequate information on training activities. It also helps to clarify the reasons underlying employers' lack of enthusiasm for participating in training the disadvantaged. The analysis of employers' behavior points toward several broad policy recommendations, with due recognition that manpower policy cannot be geared exclusively to employers' opinions and practices—particularly those of employers in one city, no matter how representative they may be.

The foremost requirement for keeping private industry's training programs turned on and reaching down into the ranks of disadvantaged labor is a tight labor market. Government policies to keep the labor market tight must, however, be accompanied by improvements in the Government-industry manpower planning and training system to forestall inflationary skill bottlenecks and decrease reliance on tight monetary and fiscal policies to control inflation. Manpower policy should foster price stability as well as economic expansion.

The Federal Government might enlist employers with extensive training programs in a combined Government-industry system of training. Financial assistance for training regular labor might induce such firms to become the trainers for a larger share of private industry or to increase the quality of the labor force and the total

supply of well-trained manpower. A training subsidy for regular labor would enable more firms to increase their training programs without fear of stockholder repercussions. Federal financial assistance to individual establishments should be conditioned on their maintaining continuous training instead of turning off their training when business decreases.

Government could also attempt to tie Federal financial assistance for regular labor to a commitment from the employer to train an equal number of disadvantaged workers (possibly with greater financial assistance). Federal financial assistance can ease the burden of training disadvantaged labor, and perhaps bring about a small increase in such training, but it is not realistic to expect that financial assistance alone will induce employers to create enough jobs for disadvantaged labor to overcome the problem. Efforts such as the JOBS (Job Opportunities in the Business Sector) program of the National Alliance of Businessmen should be encouraged, but there should also be a program of job creation for disadvantaged labor led by the Federal Government with support by State and local governments.

Better administration of Government training programs could also heighten industry participation. Centralizing administration of all manpower programs in a single Federal agency would undoubtedly not only increase their efficiency but also make it easier for industry to participate. Beyond this, long-term training contracts and appropriations would encourage better cycling and planning of training programs by industry and Government plus more permanent absorption of disadvantaged labor into the regular work force after completion of training.

Government also needs to analyze its own role in the provision of training. If local, State, and Federal

governments would specialize in improving the basic attitudes and motivation of disadvantaged labor, private industry could then continue to inculcate specific attitudes along with skills. The relationship between education and employment would be enhanced if educational institutions were to conduct some remedial prejob training of disadvantaged persons and to help employers with upgrading programs for both disadvantaged and regular labor. At the same time, the Federal Government should embark upon a more comprehensive program for followup and counseling of participants in manpower training programs and for studying the work experience of graduates of all these programs.

To buttress these attempts to secure greater involvement by private industry and a more efficient training system, the Federal Government might experiment with

collecting training reports from private industry in a limited geographical area. Unless such an approach can be perfected and developed into a nationwide system, attempts to improve the matching of the supply with the demand for trained labor may well be frustrated.

If the foregoing recommendations are utilized, much of the training of disadvantaged labor—as well as job placement—could be done by private industry with minimum assistance from the Federal Government other than guidance at the national level, recordkeeping of overall supply and demand for labor, and basic remedial training. Industry's social consciousness of its role in training disadvantaged labor was aroused by riots in the ghetto areas, but the training of both regular and disadvantaged labor needs the overall guidance, support, and encouragement of the Federal Government plus the further support of State and local governments.







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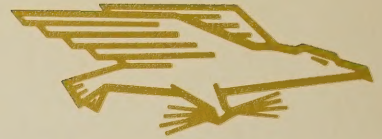
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